

COBRA Guide

A Publication of the Department of Personnel & Administration



The Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 gives State of Colorado employees and their covered dependents the right to continue group health coverages when coverage ends with the state. COBRA group health coverage is defined as medical, dental, and Health Care Flexible Spending Accounts (FSAs). You must complete one full day of active work and have your group health coverage in effect before you are eligible for COBRA. This booklet explains your and your covered dependents rights under COBRA.

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Questions About COBRA?

Enrollment and eligibility questions should be directed to the State of Colorado COBRA Coordinator at Employee Benefits, 1-800-719-3434 or 303-866-3434. All other questions should be directed to the appropriate carriers listed on the back of the "COBRA Premiums" booklet.

QUESTIONS & ANSWERS

1. What is COBRA?

COBRA is a federal regulation which permits you, as a State of Colorado employee, and your eligible covered dependents to continue your medical, dental, and Health Care Flexible Spending Account benefits that were in effect on the day before your coverage ended with the State of Colorado due to circumstances called *Qualifying Events* (see Q. 2). The continuation of such coverages through COBRA provides you time to find another source of health care, either group coverage through another employer or an individual policy.

The group health coverages offered under COBRA shall remain the same as the group health coverages provided to active state employees and their eligible dependents. If the state changes the group health coverages for active employees and their eligible dependents, the group health coverages provided under COBRA will change in the same manner.

The COBRA coverage period may be 18, 29 or 36 months, but no longer than 36 months (see Q. 9). COBRA medical and dental premiums are made on an after-tax basis. (The "COBRA Premiums" booklet depicts the COBRA rates and the appropriate administrative fees.)

Only the employee is eligible to continue the Health Care FSA for the balance of the current year and only if, on the date of the *Qualifying Event*, the maximum remaining benefit for the plan year is greater than the maximum remaining contributions. Health Care FSA contributions are made on an after-tax basis and you cannot change the amount of your contribution (see Q8). Continuation of the Dependent Day Care FSA is **not** permitted.

A Qualified Beneficiary who moves to a county in the state where their current plan is *not* offered will be permitted to change to any medical plan that is offered in their new county of residence. A Qualified Beneficiary who moves out of state will be permitted to change to the PPO medical plan in order to have both in- and out-of-network coverage.

2. What is a Qualifying Event?

A Qualifying Event is a specified incident that causes a Qualified Beneficiary to lose coverage. There are several types of Qualifying Events for employees, their spouses, and dependent children.

- a. *Employee:*
 - voluntary or involuntary termination of employment for any reason other than "gross misconduct"; or
 - reduction in work hours which would result in loss of coverage, such as part-time status, strike, leaves of absence (medical, educational, personal, etc.).
- a. *Spouse:*
 - death of the employee;
 - termination of employee's employment for any reason other than "gross misconduct";
 - reduction in employee's work hours;
 - divorce or legal separation from employee; or
 - employee becomes entitled to (enrolled in) Medicare.
- c. *Dependent Children:*
 - death of the employee;
 - termination of employee's employment for any reason other than "gross misconduct";
 - covered employee becomes entitled to (enrolled in) Medicare; or
 - dependent ceases to be a "dependent child" and no longer qualifies for coverage under the insurance plan document.

3. How long do I have to decide to elect COBRA continuation of coverage?

A Qualified Beneficiary has 60 days from the later of the following dates to elect COBRA continuation of coverage:

- a. The Qualifying Event date (e.g., marriage or termination), or
- b. The date the notice of the right to continue coverage is received, or
- c. The date coverage ends.

If a Qualified Beneficiary does not elect to continue coverage within the 60-day period, the right to elect COBRA continuation of coverage ends.

4. If I elect to continue coverage through COBRA, when does the actual coverage through COBRA begin?

Actual coverage begins on the day after the last day of the month that coverage ends. For example, your date of termination is December 31, 2003. A payroll deduction made in December covers you through December 31, 2003. Therefore, your coverage would end on December 31, 2003 and your COBRA coverage would begin on January 1, 2004.

5. Will I be required to provide evidence of good health?

No, a Qualified Beneficiary who elects COBRA coverage is not required to provide evidence of good health.

6. What alternatives are available if I DO NOT elect to continue my health coverages through COBRA?

Qualified Beneficiaries eligible for retirement through the Public Employees Retirement Association (PERA) may select a health plan through PERA. A Certificate of Continuing Coverage, obtained from the current medical carrier, is required to transfer to PERA. Contact PERA at the phone number listed on the back of the "COBRA Premiums" booklet.

Qualified Beneficiaries may also elect to convert to an independent medical policy with the current carrier within 31 days of when the regular group coverage ends (i.e., at the time a Qualifying Event occurs). Contact the appropriate medical carrier at the phone number listed on the back of the "COBRA Premiums" booklet.

Qualified Beneficiaries may also elect to purchase independent health coverage through any other health plan provider. You must contact your current carrier to obtain a Certificate of Continuing Coverage.

7. How are my monthly premium costs calculated?

A Qualified Beneficiary who elects COBRA coverage is no longer considered a state employee and, therefore, is not eligible for the state contribution. This means that the Qualified Beneficiary is responsible for paying the entire medical and/or dental premium(s) (comprised of the original employee's share and the state's contribution), plus a two percent administrative fee for the first 18 months of COBRA coverage, or 36 months of coverage for qualifying dependent children. Payments sent directly to the medical and/or dental carriers are made on an after-tax basis.

If a Qualified Beneficiary is disabled and qualifies for 29 months of COBRA coverage according to Social Security or PERA guidelines, the monthly premium for the last 11 months (months 19 through 29), is the total premium and a 50% administrative fee (also see Q. 9).

8. To whom and when does the Qualified Beneficiary pay?

Medical and Dental:

A medical and/or dental carrier(s) will **bill the Qualified Beneficiary** directly at their current address. All payments must be sent directly to the carriers. The Qualified Beneficiary has 45 days from the date of the election to continue COBRA coverage to make the first premium payment. Payment of the remaining monthly premiums are due on the first calendar day of each month. *There is a 30-day grace period from the time payment is due* (see Q. 13).

If the carrier does not receive the premium within 30 days of this due date, coverage will end on the final calendar day of the last month for which the COBRA premium was paid. Medical and/or dental coverage, cancelled due to nonpayment of COBRA premiums, **cannot be reinstated**.

Flexible Spending Accounts:

Qualified Beneficiaries will not receive a bill for the Health Care FSA. Payments for the monthly contribution must be sent to Employee Benefits by the 10th of the month for the month of coverage (e.g., payment for February coverage is due by February 10th). If a payment is not received by the end of the grace period, participation in the Health Care FSA will terminate. Health Care FSA payments must be sent directly to Employee Benefits, 1313 Sherman St., Room 114, Denver, Colorado 80203-2244.

9. How long can coverage continue?

Health Care FSA:

The Health Care FSA COBRA coverage may be continued until the end of the current plan year regardless of the type of Qualifying Event.

Medical and/or Dental - 18 Months:

An employee, spouse and dependent children are allowed to continue coverage for a maximum period of 18 months if coverage would otherwise end due to:

- a. termination of employment; or
- b. reduction of hours.

Medical and/or Dental - 36 Months:

A spouse and dependent children are allowed to continue coverage for a maximum period of 36 months if coverage would otherwise end due to:

- a. death of the covered employee;
- b. divorce or legal separation of the covered employee;
- c. qualification of the covered employee for Medicare benefits; or
- d. disqualification of child as a dependent.

Medical and/or Dental - 29 Months:

An employee, spouse and dependent children entitled to 18 months of coverage are allowed to extend coverage to 29 months if determined to be disabled according to Social Security or PERA standards and:

- a. He/she is considered disabled at the time of or within 60 days of the Qualifying Event.
- b. He/she remains disabled during the extended COBRA coverage period.
- c. He/she notifies the appropriate carrier of the disability determination within 60 days after it is made, and before the end of the first 18 months of COBRA coverage.

NOTE: The 18-month coverage period may be extended for covered dependents if another Qualifying Event occurs during the initial 18-month coverage period. For example, if a covered dependent child reaches the eligibility age limit within the first 18-month COBRA period, the dependent child may elect to continue coverage beyond 18 months. However, if multiple Qualifying Events occur, coverage may not continue beyond the maximum of 36 months from the date of the first Qualifying Event.

10. Once enrolled in COBRA continuation of coverage, whom do I notify to make a change in my coverage?

COBRA participants enrolled in a medical and/or dental plan must notify the appropriate carrier within 30 days of the following:

- a. Divorce or legal separation of the participant from his/her covered spouse.
- b. Ineligibility of a covered dependent child due to:
 - End of calendar year of reaching age 19;
 - End of calendar year in which they are no longer a full-time student, but no longer than the end of the month in which they turn age 24;
 - Marriage of the child;
 - Child enters military service; or
 - Child no longer dependent upon former employee for a majority of support.

11. Under what circumstances will a Qualified Beneficiary be able to change plans?

Qualified Beneficiaries may change medical and/or dental plans under the following circumstances:

- a. During the regularly scheduled annual open enrollment period. The change will become effective on January 1 of the following year.
- b. When a Qualified Beneficiary moves out of the group health plan's coverage area.
- c. The state's contract with the health plan ends.

12. What happens when COBRA coverage ends?

See Question 6. Conversions may be made during the month before COBRA coverage ends. Individual conversion policies and rates are established by the medical carrier that underwrites the group plan for the state and are not the same as coverage under COBRA. There are no conversion policies for the dental plans.

13. What events trigger a cancellation of COBRA benefits?

The following events may trigger termination of COBRA **before its normal expiration:**

- a. The state ceases to provide group health coverage to any employee;
- b. The Qualified Beneficiary fails to pay the premium within the 30-day due date;
- c. The Qualified Beneficiary becomes entitled to Medicare; or
- d. The Qualified Beneficiary becomes covered under another group health plan.

Where should the "COBRA Election Form" be sent?

Signed, dated, and completed "COBRA Election Forms" **MUST** be sent to:

Employee Benefits
COBRA Coordinator
1313 Sherman Street, Room 114
Denver, Colorado 80203-2244.